Berg Steel Pipe Corp.
a Company of the Europipe Group

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David J. Delie
Chief Operating Officer

January 14, 2002

Mr. Richard Weible
Director of Antidumping Countervailing Duty Enforcement VIII
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, DC 20230

Dear Mr. Weible:

Thank you for your time last Friday.

I would like to clarify some issues that were brought up in our meeting concerning the exclusion for X-70 and greater steel plate for pipe. U.S. Steel has not shown much interest in producing plate for pipe at competitive pricing. Their facility in Gary, IN, although recently upgraded, has not made any improvements for the production of plate for pipe. U.S. Steel has invested in heat treating facilities that produce high quality plate for many other applications.

Heat treating is a subsequent process following the actual production of the plate. During heat treating, plate is reheated, cooled, and possibly reheated a second time to specific temperatures as determined by a metallurgist to meet certain properties. Heat treated plate is rarely, if ever, used in the manufacturing of DSAW large diameter pipe.

The process commonly used to produce high quality plate for pipe is controlled rolling. This is a thermal mechanical process that is done during the rolling of the plate and does not require additional processing as heat treating does. During the rolling operation, the slab is rolled to a designed rolling schedule with built in delays to facilitate cooling of the steel to desired temperatures before each reduction pass determined by the metallurgical specifications to precipitate micro alloys in the steels. Modern plate mills designed to efficiently produce controlled rolled steels use accelerated cooling equipment and other

equipment designed to allow partially rolled slabs to cool, while the rolling mill is reducing another. These mills use sophisticated computer models in order to have up to five slabs being rolled simultaneously into plate. To the best of my knowledge, there are no U.S. mills, including U.S. Steel, with all of this capability. When the domestic steel industry rolls controlled rolled steel, productivity is greatly reduced and costs increase making them uncompetitive and is one explanation as to why the domestic mills limit the production of X-70 or greater product on their facilities.

Berg Steel Pipe Corp. is one of the most efficient producers of large diameter line pipe in the world. Berg purchases steel plate domestically whenever possible. The U.S. domestic plate industry can produce commodity-grade plate as efficiently as any plate producer in the world. However, when it comes to a specialty product, such as X-70, they either cannot meet the specifications at all or the limit the quantity that they will produce.

This was the case during the recent Gulfstream Project and the Alliance Pipeline Project, which were the two largest pipeline projects in North America during the past five years, where all of the domestic mills were incapable of producing the plate to the specifications required for these projects. In the rare occasion when the domestic mills can meet the specifications the quantity that they are willing to produce is well below the volume required for efficient production at Berg or required by the pipeline customer. This limited availability is due to the productivity losses caused by controlled rolling and the negative impact it would have on the plate mills' other customers to meet the temporary demands of the cyclical pipe business. U.S. Steel does not quote X-70 or greater plate in over 75% of our inquiries and when they have done so recently, their delivered plate price has been greater than the current market price for finished pipe. Under these conditions, I hope you can understand why Berg believes an exclusion for X-70 and greater plate for pipe is imperative for our survival.

Included is an attachment attempting to explain the interdependence on physical properties, chemistry, and dimensions of X-70 and greater steel plate and the U.S. domestic mills capabilities to produce the required product. This is a very complex metallurgical issue and we did our best to summary and simplify it. I hope that this will be of some help to you.

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If you would like to discuss this further, I would be willing to meet with you at any time, or you could call me, day or night. My office number is: 850-873-8001. My home number is: 850-236-7106. My mobile is: 850-814-3355.

Thank you for your time and consideration in this important matter to Berg Steel Pipe Corp., its employees, and the community of Panama City, Florida.

Sincerely,

Berg Steel Pipe Corp.

David Delie
Chief Operating Officer

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enclosure

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